

Message Text

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 4314

SECDEF WASHDC

CSAF WASHDC

OSAF WASHD/SAFIL

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AMEMBASSY OSLO

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HQ EUCOM VAIHINGEN GE

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SUBJ: DANISH MINISTER OF DEFENSE PARLIAMENTARY STATEMENT ON F-16

REF: COPENHAGEN 2289/201515Z APR 77

1. THE DANISH MINISTER OF DEFENSE ORLA MOLLER PRESENTED
HIS FORMAL STATEMENT OF THE F-16 TO THE FOLKETING WEDNESDAY,
APRIL 20. KEY POINTS OF THE STATEMENT ARE QUOTED BELOW.

EMBASSY COPENHAGEN SUMMARY OF AND COMMENTS ON STATEMENT
CONTAINED SEPTTEL.

2. AFTER OPENING REMARKS WHICH DISCUSS BRIEFLY THE
LEGISLATIVE HISTORY OF THE DANISH F-16 DECISION AND THE
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FOLKETING PROCUREMENT AUTHORIZATION OF 2.4 BILLION
KRONER, MOD MOLLER'S STATEMENT CONTINUES:QUOTE
(IN INFORMAL TRANSLATION) IN MY CAPACITY AS CHAIRMAN OF THE
EURO-GROUP, I TOOK AN INITIATIVE, IN AGREEMENT WITH THE
NORWEGIAN DEFENSE MINISTER, TO CALL A MEETING WITH MY MINISTER
COLLEAGUES FROM THE REMAINING THREE EUROPEAN COUNTRIES IN
JANUARY OF THIS YEAR. AT THE MEETING JOINT PROBLEMS WERE DIS-

CUSSED, E.G., ON CO-PRODUCTION, AND AGREEMENT WAS REACHED, AGAIN ON MINISTER LEVEL, THAT THE CO-PRODUCTION WAS TO BE DIVIDED EQUALLY AMONG THE COUNTRIES.

" AT THE MEETING WE ALSO AGREED ON A JOINT STATUS AS THE PARTNER OF THE US IN THE PRODUCTION OF THE F-16 JUST AS IT WAS DECIDED TO SET UP A SPECIAL WORK GROUP OF AUDITORS, WHICH WAS TO EVALUTE THE EXTENT AND MOTIVATION OF CERTAIN ADDED EXPENSES, WHICH THE AMERICAN FIRMS CALCULATE IN CONNECTION WITH SUPPLIES FROM EUROPEAN INDUSTRY. THE WORK GROUP HAS SUBMITTED A TENTATIVE REPORT, CONCLUDING THAT THE MATERIAL INVESTIGATED DOES NOT GIVE RISE TO SIGNIFICANT DOUBTS. WORK IS HOWEVER PROPOSED TO BE CONTINUED, BUT THE WORKING GROUP SEES NO OBSTACLE AGAINST FINAL SIGNING OF THE PURCHASING CONTRACTS, EVEN IF ITS WORK HAS NOT YET BEEN CONCLUDED.

"AS FOR PARLIAMENTARY REASONS IN THE VARIOUS COUNTRIES, IT HAS PROVED IMPOSSIBLE TO SIGN THE FINAL CONTRACT BEFORE APRIL 1 THIS YEAR, WHEN THE TENTATIVE CONTRACT EXPIRED. I TOOK THE INITIATIVE FOR A NEW MEETING WITH MY EUROPEAN COLLEAGUES TO DISCUSS A POSSIBLE EXTENSION OF THE TENTATIVE CONTRACT AND OTHER QUESTIONS OF MUTUAL INTEREST.

"THE MEETING RESULTED IN A JOINT STATEMENT TO THE U.S. ON AN EXTENSION OF THE TENTATIVE CONTRACT UNTIL MAY 2, 1977, AND THUS A POSTPONEMENT OF THE SIGNING OF THE FINAL CONTRACT.

"THE ORIGINAL TOTAL EXPENSES FOR DANISH PURCHASE OF ABOUT 2,400 MILLION KRONER WAS CALCULATED ON BASIS OF A "MOST PROBABLE PRICE," QUOTED BY THE U.S., FOR UNCLASSIFIED

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THE AIRCRAFT AS SUCH, OF 1,869 MILLION KRONER. FURTHERMORE, EXPENSES HAD BEEN INCLUDED, E.G., FOR SPARE PARTS, GROUND EQUIPMENT, INDUSTRIALIZATION, TRAINING, CUSTOMS DUTY AND VALUE-ADDED-TAX, ETC.

"AS IS SHOWN IN MY APPLICATION TO THE FINANCE COMMITTEE OF 29 MARCH 1977, REQUESTING AUTHORIZATION FOR THE MINISTRY OF DEFENSE TO ENTER INTO A FINAL CONTRACT WITH THE U.S. GOVERNMENT FOR THE DELIVERY OF THE F-16 PLANE, THE FINAL PRICE FOR THE 58 PLANES, TENTATIVELY BASED ON THE PREVIOUSLY QUOTED MAXIMUM PRICE OF 1,999 MILLION KRONER AND THE TOTAL PURCHASE PRICE, IS ABOUT 2,640 MILLION KRONER.

"THE REASON FOR THIS FORESEEN PRICE INCREASE IS MAINLY THAT CO-PRODUCTION IN EUROPE IS MORE EXPENSIVE. THE REASON IS, AMONG OTHER THINGS, THE SPECIAL TECHNICAL AND TECHNOLOGICAL REQUIREMENTS FOR THE INDUSTRY WHICH IS TO SHARE IN THIS SPECIAL AIRCRAFT PRODUCTION, INCLUDING THE

EXTENSIVE QUALITY CONTROL REQUIREMENTS. APART FROM THIS, EXPENSES FOR SPARE PARTS, GROUND EQUIPMENT, ETC., HAVE INCREASED, AS WELL AS VALUE-ADDED-TAX AND CUSTOMS DUTY.

"THESE PRICES ARE ALL IN JANUARY 1975 PRICE LEVEL.

THE PRESS HAS FURTHERMORE DISCUSSED THE FINAL COST OF THE F-16 PURCHASE. I WISH TO ADD SOME COMMENT ON THIS POINT.

"IN ACCORDANCE WITH NORMAL PROCEDURE FOR PURCHASING PROJECTS REQUIRING A LENGTHY PRODUCTION PERIOD, THE CONTRACTS WITH THE PRODUCING ENTERPRISES IN EUROPE AS WELL AS IN THE U.S. INCLUDE PRICE REGULATION CLAUSES, COVERING THE RISK OF THE ENTERPRISES IN CONNECTION WITH ACTUAL PRICE AND WAGE DEVELOPMENTS IN THE PERIOD OF PRODUCTION. CORRESPONDINGLY, CHANGES IN CURRENCY RATES IN ANY OF THE FIVE PRODUCING COUNTRIES WILL LEAD TO PRICE ADJUSTMENTS, UP OR DOWN, IN THE FINAL PURCHASING PRICE.

"I WISH TO EMPHASIZE THAT ADJUSTMENTS OF THE ORIGINALLY ESTIMATED PURCHASING PRICE, AS WELL AS COVERAGE OF UNCLASSIFIED

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PRICE CHANGES DEPENDING ON PRICE AND WAGE DEVELOPMENTS, MUST BE COVERED WITHIN THE DEFENSE BUDGET FRAMEWORK DECIDED IN THE DEFENSE COMPROMISE, AND THEREFORE IN THIS CONNECTION THERE IS NO QUESTION OF INCREASED APPROPRIATIONS, AS HAS BEEN MENTIONED.

"THERE HAVE ALSO BEEN RUMORS THAT THE PROJECT WILL BE MUCH MORE EXPENSIVE THAN EXPECTED BECAUSE OF IMPROVEMENTS AND CHANGES WHICH THE AMERICAN AIR FORCE WANTS. OBVIOUSLY, CHANGES MAY BE MADE IN THE PERIOD COVERING SUCH A PROJECT, WHICH CAN IMPROVE THE CAPACITY OF THE AIRCRAFT, BUT I CAN CONFIDENTLY SAY THAT ATTENTION IS BEING GIVEN, FROM THE AMERICAN AS WELL AS FROM THE EUROPEAN SIDE, TO KEEP EXPENSES UNDER CONTROL, AND ONE WAY TO DO THIS HAS BEEN TO SET UP A JOINT COMMITTEE WHICH IS TO CHECK IMPROVEMENT EXPENSES.

"I FURTHERMORE WISH TO COMMENT ON THE REPORT FROM THE AMERICAN AUDITING OFFICE (THE GENERAL ACCOUNTING OFFICE) TO THE AMERICAN CONGRESS, CONCERNING THE F16 AIRCRAFT. GENERALLY, IT CAN BE SAID ABOUT THE REPORT THAT MUCH OF THE INFORMATION ON SO-CALLED WEAKNESSES AND SHORTCOMINGS CONCERNING THE AIRCRAFT IS ONE AND TWO YEARS OLD. NEGOTIATIONS HAVE BEEN TAKING PLACE FOR A LONG TIME ON HOW TO ELIMINATE THESE WEAKNESSES. EVEN IF THE REPORT IS DATED APRIL 1, 1977, ITS TEXT CLEARLY SHOWS THAT ITS EDITING HAS BEEN CONCLUDED AROUND NEW YEAR 1976/77, AND IT IS IN THE LAST SIX MONTHS ESPECIALLY THAT DECISIONS HAVE BEEN MADE ON CHANGES CONCERNING THE AIRCRAFT.

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"IN THE REPORT, THE GENERAL ACCOUNTING OFFICE IN SEVERAL PLACES DESCRIBES WHAT IT CONSIDERS TO BE WEAKNESSES IN THE AIRCRAFT, AND THEN STATES WHAT WILL EITHER BE DONE OR CAN BE DONE TO ELIMINATE THESE. THE LAST PART-ELIMINATION OF WEAKNESSES-HAS, HOWEVER, NOT BEEN INCLUDED IN THE REPORTS WHICH VARIOUS NEWS AGENCIES HAVE PUBLISHED, AND THIS HAS, OF COURSE, TO A GREAT EXTENT CONTRIBUTED TO THE DISCUSSION WHICH HAS TAKEN PLACE. IT IS ALSO WORTH NOTING THAT WHILE THE VARIOUS NEWS AGENCIES QUICKLY PUBLISHED THE MISLEADING INFORMATION ON THE F-16, TO WHICH I SHALL REVERT IN A LITTLE WHILE, THE DENIALS ISSUED HAVE NOT BEEN RECEIVED AND PUBLISHED WITH THE SAME EAGERNESS.

"BUT SPECIFICALLY I CAN SAY THAT THE REPORT ON TECHNICAL PROBLEMS IN THE AIRCRAFT COVERS FOUR SECTIONS:

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"POSSIBLE PROBLEMS ON AIRCRAFT PERFORMANCE

"POSSIBLE NEW DEMANDS AND WISHES (FOR ADDITIONAL EQUIPMENT)

"SURVIVAL CAPABILITY AND VULNERABILITY

"CONCLUSIONS AND RECOMMENDATIONS UNQUOTE

COMMENT: AT THIS POINT THE STATEMENT DELVES INTO A LENGTHY DISCUSSION OF ENGINE PERFORMANCE, HIGH-SPEED TAXI PROBLEMS, POSSIBLE FUTURE REQUIREMENTS FOR INTERNAL ELECTRONIC COUNTERMEASURES EQUIPMENT, TACTICAL COMMUNICATIONS REQUIREMENTS AND UP-DATE OF PRESENT AIR-TO-AIR MISSILE CAPABILITY. THE STATEMENT EFFECTIVELY LAYS TO REST MOST OF THESE CONCERNS BY DESCRIBING HOW THESE TECHNICAL PROBLEMS ARE ALREADY BEING SOLVED. IT FURTHER DISCUSSES HOW MANY OF THE REQUIREMENTS (ELECTRONIC COUNTERMEASURES, MISSILES AND COMMUNICATIONS EQUIPMENT) ARE UNIQUE REQUIREMENTS OF THE UNITED STATES AIR FORCE AND WILL NOT EFFECT THE EUROPEANS. IN REARD TO AIRCRAFT SURVIVABILITY, THE STATEMENT CONTINUES:

QUOTE I SHOULD LIKE FIRST OF ALL TO STRESS HERE THAT, ACCORDING TO THE OPINION SHARED BY THE U.S.A. AND THE FOUR EUROPEAN CONSORTIUM COUNTRIES, THE F-16 PLANE IS FAR LESS VULNERABLE THAN ANY SIMILAR ALLIED PLANE IN EXISTENCE TODAY, ESPECIALLY BECAUSE OF THE PLANE'S RELATIVELY SMALL SIZE AND ITS GREAT MANEUVERABILITY. THIS POINT OF VIEW IS SUPPORTED BY THE OFFICIAL STATEMENT FROM THE AMERICAN DEPARTMENT OF STATE WHICH WAS ISSUED ON THE OCCASION OF THE REPORT FROM THE GENERAL ACCOUNTING OFFICE. THIS STATEMENT SAYS, 'THE F-16 VULNERABILITY AREA WAS EVALUATED IN RELATION TO RELEVANT SOVIET GROUND-TO-AIR AND AIR-TO-AIR COUNTERMEASURES. THE RESULTING ANALYSIS SHOWED THAT THE F-16 HAD A SURVIVAL ABILITY THAT WAS SUPERIOR IN ALL CATEGORIES EVALUATED IN RELATION TO ALL FIGHTER PLANES'.

"WHEN THE AMERICAN GENERAL ACCOUNTING OFFICE STATES THAT THE F-16 WILL BE MORE VULNERABLE WHEN ITS ROLE AS FIGHTER BOMBER IS INCREASED, IT IS AN OBVIOUS CONCLUSION. UNCLASSIFIED

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THE CLOSER A PLANE COMES TO THE ANTI-AIRCRAFT ARTILLERY ON THE GROUND, THE GREATER WILL BE THE RISK OF BEING HIT, BUT THIS PROBLEM IS NOT A SPECIAL ONE FOR THE F-16. IN THIS CONNECTION I SHOULD LIKE AGAIN TO QUOTE FROM THE OFFICIAL REPORT FROM THE AMERICAN DEPARTMENT OF STATE WHICH SAYS, 'THE F-16'S AIR-TO-GROUND ROLE WAS ALSO EVALUATED, AND THE U.S. AIR FORCE HAS ORDERED THAT CONSIDERABLE SURVIVAL MEASURES BE INCLUDED IN THE PLANE BY THE SUPPLIER.'" "THIS IS IN AGREEMENT WITH WHAT HAS BEEN KNOWN IN THE MINISTRY OF DEFENSE ALL THE TIME, AND I CAN THEREFORE SAY WITH CONVICTION THAT THE ANXIETIES CONCERNING THE F-16'S VULNERABILITY ARE UNFOUNDED. I MIGHT ADD HERE THAT AN EVALUATION OF A PLANE'S SURVIVAL ABILITY AND VULNERABILITY IS MADE ROUTINELY OF ALL THE PLANES IN PRODUCTION, SO THERE IS NOTHING SENSATIONAL IN SUCH AN EVALUATION

BEING MADE OF THE F-16 TOO. THE EVALUATION AND THE MEASURES THAT HAVE BEEN TAKEN GIVE, AS I JUST MENTIONED, COMPLETE CERTAINTY THAT THE F-16 WILL NOT ONLY BE SATISFACTORY IN THAT REGARD, BUT BETTER THAN ANY WE HAVE IN THE WESTERN WORLD TODAY.

"IN CONCLUSION OF THIS PART OF MY STATEMENT, I SHOULD LIKE TO STRESS THAT ALL THE TESTS CARRIED OUT SO FAR HAVE DEMONSTRATED THAT THE F-16 PLANE IN ALL RESPECTS EITHER LIVES UP TO OR SURPASSES THE SPECIFICATIONS SET BY THE AMERICAN AIR FORCE AND WHICH ARE THE BASIS FOR THE PURCHASE OF THE PLANES THAT THE EUROPEAN COUNTRIES ARE MAKING. THE ALARMING REPORTS IN THE DANISH PRESS ARE BASED ON ERRONEOUS INTERPRETATIONS OF PARTIALLY OUT-OF-DATE INFORMATION IN THE AMERICAN REPORT, AND, AS YOU KNOW, THE GENERAL ACCOUNTING OFFICE ITSELF HAS ALSO ANNOUNCED THAT ITS REPORT HAS BEEN MISINTERPRETED.

"THEN I SHOULD LIKE TO MAKE SOME COMMENTS ON THE INDUSTRIAL PARTICIPATION.

"ACCORDING TO THE AGREEMENT MADE, THE AMERICAN GOVERNMENT HAS OBLIGATED ITSELF TO PLACE ORDERS IN THE FOUR EUROPEAN COUNTRIES TOGETHER FOR THE FOLLOWING AMOUNTS:
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10 PERCENT OF THE VALUE OF THE 650 PLANES TO THE AMERICAN AIR FORCE;

40 PERCENT OF THE VALUE OF 350 PLANES TO THE FOUR EUROPEAN BUYERS;

15 PERCENT OF THE VALUE OF PLANES TO THIRD COUNTRIES.

"IT IS HOWEVER, A CONDITION THAT THE EUROPEAN INDUSTRY IS 'REASONABLY COMPETITIVE.'

"THIS OBLIGATION MEANS A COMPENSATION OF 58 PERCENT OF THE VALUE OF THE 350 (348) PLANES TO THE FOUR EUROPEAN COUNTRIES AS A WHOLE WITH A PRODUCTION OF 650 PLANES TO THE AMERICAN AIR FORCE AND 350 PLANES TO THE FOUR EUROPEAN COUNTRIES.

"CONCERNING THE VALUE OF COMPENSATION TO EUROPEAN INDUSTRY IN SALES TO THIRD COUNTRIES, THIS CAN BE BASED ONLY ON EXPECTATIONS OF SALES. IN A TOTAL SALE TO THIRD COUNTRIES OF 1,000 PLANES, THE COMPENSATION TO THE EUROPEAN COUNTRIES COULD RISE TO 100 PERCENT.

"IF IT SHOULD TURN OUT TO BE IMPOSSIBLE FOR THE AMERICAN GOVERNMENT TO FULFILL ITS COMPENSATION OBLIGATION THROUGH CO-PRODUCTION OF PARTS TO THE F-16, OTHER WORK OF SIMILAR TECHNOLOGICAL KIND MUST BE PLACED IN THE FOUR EUROPEAN COUNTRIES.

"THE AMERICAN GOVERNMENT IS CONVINCED THAT IT CAN FULFILL ITS COMPENSATION OBLIGATIONS WITHIN THE F-16 PROJECT.

"THE DISTRIBUTION OF THE WORK AMONG THE COUNTRIES HAS TAKEN PLACE THROUGH NEGOTIATIONS AMONG THE INTERESTED

INDUSTRIES, ARRANGED BY THE AUTHORITIES OF THE PARTICIPATING COUNTRIES. THE DISTRIBUTION OF THE WORK AMONG THE COUNTRIES IS FOUND IN A DOCUMENT IN CONNECTION WITH THE AGREEMENT MADE AND CAN BE CHANGED ONLY AFTER APPROVAL OF THE FIVE COUNTRIES.

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"ACCORDING TO THE AGREEMENT, THE COMPENSATION WORK IS GOING TO BE DIVIDED AMONG THE FOUR EUROPEAN COUNTRIES IN RELATION TO THE INDIVIDUAL COUNTRY'S PURCHASE OF PLANES. THE FIVE GOVERNMENTS ARE IN AGREEMENT ABOUT THIS PRINCIPLE, AND IT IS THE RESPONSIBILITY OF THE EUROPEAN GOVERNMENTS TO CARRY OUT THE PRINCIPLE OF EQUAL DISTRIBUTION THROUGH THE PROJECT'S STEERING COMMITTEE, IN WHICH THE U.S.A. NATURALLY IS REPRESENTED.

"THE AREAS THAT HAVE BEEN INCORPORATED INTO THE CO-PRODUCTION AS OF NOW CONCERN THE PLANE ITSELF, THE ENGINE, AND THE RADAR ONLY.

"THE DISTRIBUTION OF THE INDIVIDUAL PRODUCTION TASKS HAS HAD TO BE ARRANGED ACCORDING TO THE INDUSTRIAL STRUCTURE IN THE DIFFERENT COUNTRIES. IN THIS CONNECTION, IT MUST BE TAKEN INTO CONSIDERATION THAT ACTUAL PLANE

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PRODUCTION TAKES PLACE IN BELGIUM AND HOLLAND ONLY.

"FROM VERY EARLY IN THE NEGOTIATIONS ABOUT THE PURCHASE OF PLANES, IT WAS TAKEN FOR GRANTED THAT THE ASSEMBLY OF THE PLANES IN EUROPE WOULD TAKE PLACE PARTLY IN HOLLAND AND PARTLY IN BELGIUM; THE ASSEMBLY OF THE ENGINE SHOULD TAKE PLACE IN BELGIUM. NEITHER IN DENMARK NOR NORWAY ARE THERE INDUSTRIAL PLANTS THAT WOULD BE ABLE TO DO THIS WORK.

"THIS HAD THE EFFECT THAT THERE AT THE PRESENT TIME IS A LOPSIDEDNESS IN THE DISTRIBUTION OF CONTRACTS AMONG THE FOUR EUROPEAN COUNTRIES. BELGIUM IS THE ONLY COUNTRY THAT HAS REACHED ITS FULL COMPENSATION NOW ALREADY.

"AS FAR AS DENMARK IS CONCERNED, ORDERS AT A VALUE OF APPROXIMATELY 785 MILLION KRONER (JANUARY 1975 PRICES) HAVE BEEN PLACED WITH DANISH INDUSTRY, AND CONTRACTS FOR AN ADDITIONAL 15 MILLION KRONER ARE EXPECTED IN THE NEAR FUTURE, A TOTAL OF 800 MILLION KRONER, A CORRESPONDING TO APPROXIMATELY 36 PERCENT OF THE APPROXIMATELY 2,200 MILLION KRONER WHICH IS THE COST OF THE 58 PLANES WITH SPARE PARTS AND GROUND EQUIPMENT. FURTHERMORE, CONTRACTS AMOUNTING TO APPROXIMATELY 170 MILLION KRONER ARE BEING NEGOTIATED AT THE PRESENT TIME. IF THE NEGOTIATIONS LEAD TO CONTRACTS--WHICH DEPENDS ON WHETHER DANISH INDUSTRY IS ABLE TO OFFER REASONABLE COMPETITIVE PRICES--IT MEANS A COMPENSATION CORRESPONDING TO APPROXIMATELY 40 PERCENT.

" A NUMBER OF INDUSTRIES WHICH ALREADY HAVE RECEIVED ORDERS HAVE BEEN ASKED TO SEND IN BIDS FOR ADDITIONAL DELIVERIES OF QUITE CONSIDERABLE SIZE.

"BESIDES THE UP-TO-NOW SPECIFIED CO-PRODUCTION, THERE ALSO IS QUITE A BIT OF GROUND EQUIPMENT, CONSISTING OF TESTING AND TRAINING EQUIPMENT AMONG OTHER THINGS, INVOLVED IN THE PURCHASE OF PLANES. IN ORDER TO ACHIEVE AN EQUAL DISTRIBUTION OF THE COMPENSATION AMONG THE FOUR COUNTRIES, IT HAS BEEN DECIDED THAT CONTRACTS CONCERNING EQUIPMENT FOR THE F16,N, WHICH HAVE NOT YET BEEN DISTRIBUTED TO THE CO-PRODUCTION, PREFERABLY SHOULD BE PLACED IN DENMARK

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AND NORWAY. CONTRACTS TO DANISH INDUSTRY WITHIN THE TWO ABOVE-MENTIONED FIELDS, AT A VALUE OF APPROXIMATELY 250 MILLION KRONER ARE EXPECTED IF DANISH INDUSTRY IS REASONABLY COMPETITIVE.

"NEGOTIATIONS FOR THESE CONTRACTS, FOR WHICH BIDS HAVE NOT BEEN PREPARED YET, PROBABLY CANNOT BE CONCLUDED

UNTIL THE END OF THIS YEAR.

"IF ALL CONTRACTS UNDER NEGOTIATION AND ANTICIPATED WITHIN GROUND EQUIPMENT BECOME EFFECTIVE, IT WILL RESULT IN CONTRACTS AMOUNTING TO AROUND 1,200 MILLION KRONER, CORRESPONDING TO APPROXIMATELY 55 PERCENT COMPENSATION.

"THE CONTRACTS FOR THE 800 MILLION KRONER WHICH ALREADY HAVE BEEN SIGNED OR WILL BE SIGNED IN THE NEAR FUTURE ARE DISTRIBUTED ON ABOUT 82 MILLION KRONER FOR PARTS OF THE FUSELAGE, AROUND 270 MILLION KRONER WITHIN THE MECHANICAL SECTOR, AND THE REST WITHIN THE ELECTRONIC SECTOR. GEOGRAPHICALLY THE CONTRACTS ARE DISTRIBUTED WITH ABOUT 300 MILLION KRONER IN JUTLAND, CORRESPONDING TO APPROXIMATELY 1,000 MAN-YEARS AND THE REST, APPROXIMATELY 500 MILLION KRONER, IN THE CAPITAL AND ON ZEALAND, CORRESPONDING TO ABOUT 1,670 MAN-YEARS.

"THE TECHNOLOGICAL DEMANDS MADE OF EUROPEAN INDUSTRY WHICH WANTS TO PARTICIPATE IN THE PRODUCTION OF PARTS FOR THE F-16 ARE BIG AND ARE CONSIDERABLY HIGHER THAN THE DEMANDS NORMALLY MADE IN CIVILIAN PRODUCTION. THE DEMANDS ON MANAGEMENT ARE ALSO HIGH, NOT LEAST IN REGARD TO QUALITY CONTROL.

"THE EXPECTATIONS CONCERNING THE ACQUISITION OF KNOW-HOW IN CONNECTION WITH WORK ON PARTS FOR THE F-16 HAVE BEEN CONFIRMED IN THE CONTRACTS THAT HAVE BEEN MADE. THERE IS NO DOUBT THAT INDUSTRY'S PARTICIPATION IN THE F-16 PROJECT WILL CONTRIBUTE TO A STRENGTHENING OF THE COMPANIES' COMPETITIVENESS.

"IT IS OBVIOUS THAT SUCH COMPLICATED AND DEMANDING QUESTIONS AS THESE HAVE RAISED MANY PROBLEMS, BUT THE COOPERATION BETWEEN DANISH AND AMERICAN COMPANIES HAS ON UNCLASSIFIED

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THE WHOLE BEEN GOOD. IT IS HOPED THAT CONTACTS ESTABLISHED THROUGH THE F-16 COOPERATION CAN LEAD TO INDUSTRIAL COOPERATION WITHIN OTHER FIELDS TOO.

"THE INDUSTRIES THAT HAVE GOTTEN CONTRACTS SO FAR ARE ALL BUSY PREPARING THE PRODUCTION. THE INDUSTRIES HAVE ALREADY AT THE PRESENT TIME USED CONSIDERABLE MONEY TO CARRY THROUGH THE CONTRACT NEGOTIATIONS AND TO CARRY OUT THE PRODUCTION PREPARATIONS.

"THE DANISH GOVERNMENT IS BRINGING PRESSURE TO BEAR ON THE AMERICAN GOVERNMENT TO GET ORDERS TO DENMARK, AND THE AMERICANS ARE DOING A BIG JOB WITHIN THIS FIELD. THE DANISH MEMBERS OF THE DIFFERENT GROUPS AND COMMITTEES ARGUE STRONGLY THAT DENMARK MUST HAVE ITS SHARE OF THE CO-PRODUCTION, AND ON THE BASIS OF THE INFORMATION I HAVE PROVIDED IN THIS STATEMENT, I BELIEVE THAT THE 58 PERCENT WILL BE REACHED.

"I HOPE THAT I HAVE INFORMED PARLIAMENT ABOUT DEVELOPMENTS WITHIN THIS PURCHASE WITH THIS REPORT, AND I

SHOULD LIKE TO EMPHASIZE STRONGLY, IN ORDER TO KILL FOR
ONCE AND FOR ALL THE APPARENTLY ROOTED MISUNDERSTANDING
CONCERNING THE PAYMENT OF THESE PLANES, THAT THE COST OF
THE F-16 PLANES MUST AND WILL BE KEPT WITHIN THE BUDGET
FRAMEWORK STIPULATED IN THE DEFENSE AGREEMENT. UNQUOTE.
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